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T H E B E E F C A T T L E S I T U A T I O N  
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Summary

Prices of most grades of slaughter cattle during the summer and fall months of 1937 probably will average higher than in the corresponding months of 1936, the Bureau of Agricultural Economics reports. This expectation is based on prospective smaller slaughter supplies of cattle during the last half of the year compared with a year earlier, and the probable continuation of a relatively favorable demand situation.

Another factor which will tend to support prices of slaughter cattle is the strong demand for stocker and feeder cattle which is expected to develop if feed crop conditions are about normal this summer. The average price of all cattle in the last half of 1937, however, is likely to be lower than in the first half of the year because of the increase which occurs seasonally in the proportion of cows and heifers in the slaughter supply.

Cattle prices, which began to rise last summer and early fall, continued to move upward until April. Since then, prices of choice and prime steers have declined, but prices of other grades of slaughter cattle have continued to rise. Marketings of well-finished grain-fed cattle this summer and fall are expected to be much smaller than usual; hence some advance in prices of the better grades is probable for the late summer and early fall months. The seasonal decline in prices of the lower grades which usually occurs in the summer and fall probably will be less than average this year because of the prospective strong demand for cattle for feeding and restocking purposes if feed crop conditions are about normal.

## REVIEW OF RECENT DEVELOPMENTS

BACKGROUND. - Prices of most grades of slaughter cattle advanced sharply in the second half of 1936. This advance was continued throughout the winter and early spring of 1937. In April, prices of well-finished steers at Chicago reached a level slightly higher than that reached in the spring of 1935, and the highest since 1930.

Cattle prices generally higher in May

Prices of all grades of slaughter steers at Chicago, except choice and prime, advanced further in May. Prices of cows and heavy calves also advanced, while prices of veal calves and heifers held about steady. Because of the scarcity and high prices of feed and the relatively high prices for slaughter cattle prevailing, few partly finished steers were bought for feeder account during May. Prices of feeder steers at Kansas City were slightly higher than a month earlier, partly because of the price increases for the lower grades of slaughter steers, and partly because of the marked improvement in pasture conditions in the Corn Belt.

Although prices of most grades of slaughter steers at Chicago advanced in May, prices of choice and prime grade steers declined rather sharply from the relatively high level reached in April. The spread between prices of choice and prime steers and common steers was reduced from \$6.57 per 100 pounds in April to \$5.17 in May. Prices of good grade and choice and prime grade steers declined in the first week of June.

Despite the decline in prices of well-finished steers, the price at Chicago of all grades of slaughter steers combined averaged \$11.21 per 100 pounds in May, 46 cents higher than in April, and 8 cents higher than in May 1935, when steer prices reached the highest level since 1930. Supplies of choice and prime steers in May were considerably smaller than a year earlier, and much smaller than average.

Slaughter supplies reduced

The number of cattle slaughtered under Federal inspection in May, totaling 745,000 head, was 7 percent smaller than a month earlier and 5 percent smaller than a year earlier, but was somewhat larger than average for the month. The number of calves slaughtered, totaling 561,000 head, was seasonally smaller than in April, but was the second largest for the month on record, being exceeded only in May 1934.

During the first 5 months of 1937 the number of cattle slaughtered under Federal inspection was 2 percent smaller than in the corresponding period a year earlier. The number of calves slaughtered was 12 percent larger than a year earlier, and was the largest for this period on record.



Western ranges in fair condition, but below average

Western ranges are reported to be in fair to good condition, but considerably below average, according to the June 1 Western Livestock and Range Report. Substantial rains in late May and early June greatly improved feed prospects in the dry areas of the Western Great Plains and the Southwest, but some northern and local areas are still short of moisture. Cattle are reported to be in generally good condition.

Cattle shipments were relatively large from western feeding areas in May, with a good volume of grass-fat cattle from Texas and southern California. Demand for replacement cattle in the northern areas, where numbers were materially reduced by drought in 1934 and 1936, was limited, however, by scarcity of feed supplies and continued lack of soil moisture, particularly in eastern Montana and northwestern North Dakota.

## OUTLOOK

Cattle prices expected to continue relatively high in 1937

With smaller slaughter supplies of cattle in prospect than those of a year earlier and probable continuation of a relatively favorable demand situation, prices of most grades of slaughter cattle during the summer and fall months of 1937 are expected to average higher than in the corresponding months of 1936. Another factor expected to be of considerable importance, particularly with regard to prices of the lower grades of slaughter cattle, will be the strong demand for stocker and feeder cattle anticipated if feed crop conditions are about normal this summer. The average price of all cattle, however, probably will be lower than in the first half of the year because of the increase which occurs seasonally in the proportion of cows and heifers marketed.

Prices paid by packers for cattle during the first 4 months of the year averaged 15 percent higher than in the corresponding period a year earlier, largely as a result of the increase in industrial activity and the accompanying gain in consumer purchasing power, which was reflected in an increased demand for meats.

Cattle price movements so far this year have been very much like those of the corresponding period of 1935. In 1935, prices of all grades of slaughter cattle, after rising sharply in the late winter and early spring, declined from early May to late July, probably as a result of strong consumer resistance to the higher level of meat prices compared with those of the preceding depression years. The late summer rise in prices of the better grades of slaughter cattle in 1935 began in early August and prices continued upward until November, but they did not reach the high level established in the spring of that year. After advancing last summer and early fall, prices of all grades of slaughter cattle continued to move upward until April, when a top of \$16.60 per 100 pounds was paid at Chicago. Since then, prices of the top grades have declined somewhat, but prices of other grades have continued to rise.

With the smallest number of cattle on feed in the Corn Belt States this spring in many years, and limited supplies of grain on hand, marketings of well-finished cattle during the summer and early fall are expected to be much smaller than average. Although prices of the better grades of slaughter cattle have declined in recent weeks, some advance in the prices of such cattle seems probable for the late summer and early fall months. The seasonal decline in prices of the lower grades of cattle this summer and fall probably will be less than usual because of the relatively strong demand for feeder cattle and replacement stock expected to develop if feed crop conditions are about normal.

Crop prospects at the present time appear to be reasonably good in most areas. As a result of substantial rains in nearly all of the dry areas and warmer weather in the Eastern Corn Belt, prospects for crops and pastures have improved markedly in recent weeks and now appear to be close to average outside of the Great Plains area. Although the supply of hay on farms is small and the amount of feed grains carried over into the new crop year will be close to the record low carryover of 2 years ago, the total supply of feed and roughage available for feeding next winter probably will be ample for the reduced number of livestock on hand if growing conditions continue fairly good.

Prospects for 1938; prices may average lower

While it is somewhat early to venture a prediction as to 1938, there is some indication that cattle prices next year may average lower than in the current year as a result of a larger supply and lower prices for grain-finished cattle. If feed supplies are fairly plentiful, the relatively high level of fat cattle prices and the small number of hogs that will be available for feeding next winter probably will tend to encourage cattle finishers to feed out considerably more cattle during the next feeding season than they did this year.

During the last 45 years there have been five other periods in which the feed supply situation was much like that of 1937. Droughts occurred in 1894, 1901, 1911 and 1934 as well as in 1936, and there was a short corn crop in 1924 caused by too much rain late in the season. In each case, fewer cattle than usual were fed the following year, and cattle prices rose to relatively high levels. This rise in prices, together with a more nearly normal corn production, stimulated the demand for feeder cattle. The supply of fed cattle in the second year following the crop failure was thus greatly increased, and prices declined fairly sharply.

If feed crops are about normal this year, there is a likelihood that a similar increase in cattle feeding will develop in 1938, with the result that cattle prices will tend to average lower than in the current year. Prices of the better grades of slaughter cattle in the first half of 1938 may decline much as they did in the first half of 1936.

Slaughter supplies in remainder of year likely to be smaller than in 1936

The number of cattle slaughtered under Federal inspection, which from January through May totaled 2 percent less than in 1936, probably will be materially smaller in the last half of the year than a year earlier, when drought resulted in the liquidation of many cattle which otherwise would have been retained on farms. The number of calves slaughtered in the first 5 months of the year was 12 percent larger than a year earlier, and the largest for this period on record. Although calf slaughter usually decreases seasonally in the summer months, such slaughter increased in the summer and early fall of 1936. With more nearly normal crop conditions in prospect this year, however, it is probable that the number of calves slaughtered will decrease by at least the usual seasonal amount. If such a decrease occurs this summer the number of calves slaughtered in the last 6 months of the year probably will be somewhat smaller than that of the corresponding period of 1936.

## Price per 100 pounds of cattle and calves, May 1937 with comparisons

Classification	May average: 1924-33	May 1935	May 1936	Mar. 1937	Apr. 1937	May 1937
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Beef steers sold out of first hands at Chicago:						
Choice and prime .....	10.82	13.58	8.71	14.25	14.32	13.43
Good .....	10.04	11.54	8.07	11.51	11.15	11.46
Medium .....	9.16	9.84	7.44	9.12	9.31	9.80
Common .....	8.08	7.83	6.70	7.35	7.75	8.26
All grades .....	9.62	11.13	7.92	10.79	10.75	11.21
Cows, Chicago:						
Good .....	---	8.40	6.20	7.14	7.60	8.02
Low cutter and cutter :	4.49	4.42	4.50	4.55	4.82	4.96
Vealers, Chicago:						
Good and choice .....	9.93	8.33	9.22	9.01	9.18	9.10
Stocker and feeder steers, :						
Kansas City:						
500-800 pounds, good :						
and choice .....	---	8.02	7.56	7.74	7.83	8.08
800-1050 pounds, good :						
and choice .....	---	8.48	7.32	8.09	8.52	8.83
Average price paid by packers:						
Cattle .....	8.13	7.82	6.73	7.65	8.22	
Calves .....	8.97	7.31	7.82	7.89	7.99	



## Slaughter and market supplies of cattle and calves, specified periods

Item	Unit	May average: 1924-33	May 1936	Mar. 1937	Apr. 1937	May 1937
Inspected slaughter <u>1/-</u>						
Cattle .....	thousands	722	786	825	802	745
Calves .....	"	449	503	592	588	561
Beef steers sold out of first hands:						
Choice and prime .....	"	11	12	6	5	5
Good .....	"	42	29	32	47	45
Medium .....	"	47	27	27	25	13
Common .....	"	9	3	4	4	4
All grades .....	"	108	71	69	81	67
Receipts of cattle at seven markets <u>2/</u> .....	"	<u>3/</u> 591	529	576	498	520
			Apr. average: 1924-33	Apr. 1936	Feb. 1937	Mar. 1937
						Apr. 1937
Inspected slaughter:						
Cows and heifers .....	thousands	287	363	362	416	367
Steers .....	"	368	419	325	383	406
Average live weight:						
Cattle .....	pound	960	932	912	912	904
Calves .....	"	153	167	176	165	164
Average dressed weight:						
Cattle .....	"	532	507	484	484	487
Calves .....	"	90	96	101	97	96
Total dressed weight:						
Cattle .....	mil.lb.	359	409	341	397	388
Calves .....	" "	41	50	44	57	56
Imports:						
Cattle <u>4/</u> .....	thousands	32	79	44	50	57
Canned beef <u>5/</u> .....	1,000 lb.	<u>6/</u> 3,902	11,897	3,511	7,123	10,446

1/ Bureau of Animal Industry.

2/ Chicago, Kansas City, Omaha, East St. Louis, St. Joseph, Sioux City, and St. Paul.

3/ Average 1929-33

4/ United States Department of Commerce. General imports prior to 1934, beginning January 1, 1934, imports for consumption.

5/ United States Department of Commerce and United States Tariff Commission. Imports for consumption.

6/ Figures include "Other canned meats", prior to 1929.





